

Nixon CPA Defends Foundation Tax Filing

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President Nixon's accountant said yesterday that the Richard Nixon Foundation had no legal obligation to report \$21,000 in consultant fees to the President's brother, Edward, in federal tax returns. Arthur Blech, Los Angeles accountant both for the President and the foundation, said that although Edward Nixon was a foundation trustee, legal counsel advised that honorary trustee compensation need not be listed in reports to the Internal Revenue Service.

Blech said he expects to be asked about the foundation as part of the announced IRS audit of the President's taxes. No such questions were asked during recent interviews here with IRS agents and the staff of the Joint Committee on Internal Revenue Taxation, he said.

Edward Nixon's fees for helping the foundation search for a Nixon library site acceptable to the family came to light in reports filed with California tax authorities but not in comparable reports filed with the IRS.

Blech said the explanation was that state officials, but not federal officials, asked for a breakdown of the \$72,230 listed for 1972 expenditures for "building construction in process." He said he would

have been glad to supply the same detail in response to an IRS request.

None of the foundation's federal tax reports disclose payments to trustees in the blanks provided on IRS forms. Blech said that was because only the "executive trustees," the only trustees with any power, received any compensation.

A government spokesman said IRS officials handling reports from tax exempt organizations had never ruled on the propriety of failing to list payments to honorary trustees because they had never heard of a foundation that took the position attributed to Blech.

Blech said the foundation's stand might seem novel but it was taken on the advice of its law firm, which includes as partners Mr. Nixon's personal attorney, Herbert W. Karmbach, and a tax attorney, Frank DeMarco Jr.

The foundation, formed in 1969, applied for the exemption status of a public charity in August, 1970, Blech said. The law requires the foundation to achieve and maintain a broad basis of public financial support in exchange for exemptions from a 4 per cent excise tax and public reporting of donors, which are required of ordinary private foundations.